

FINANCIAL REPORT 2023

DRAFT



Stichting Max Foundation

July 2024

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This is a draft financial statement, some changes might still occur. The final audited financial report is expected at the end of August 2024.

A word from our Co-directors and Board

A year of shifts

For Max Foundation, 2023 was a year in which we made headway despite challenging global and local contexts. The effects of climate change on child health cannot be ignored, as droughts and floods affect food security and safe water, sanitation, and hygiene (WASH) facilities. On top of that, conflict has had a significant impact on our work: indirectly through disruptions of supply chains and rising prices due to conflicts in Ukraine and Gaza, but also directly in Ethiopia.

The conflict in Ethiopia has meant widespread security issues, internal displacement, travel restrictions, and the destruction of critical infrastructure and social service institutions, initially in the Tigray and more recently in the Amhara regions. This has seriously hampered our programme implementation and forced the country team to adapt to the continuously changing circumstances.

The political dynamics within the Netherlands have been shifting too, introducing new considerations for aid allocation and policy frameworks. As these political landscapes continue to evolve, our ability to remain adaptable has become even more crucial in navigating shifting priorities and resource allocations. It has become increasingly important to demonstrate our effectiveness and create evidenced approaches, emphasized in Max Foundation's core approach: ***from evidence to scale***.

Our ***evidence to scale*** approach is articulated in our new, comprehensive Max Foundation strategy (2024-2030), which we developed in 2023. Max Foundation will position itself as 'design lab': crafting, evidencing and scaling innovative solutions in WASH, nutrition, food security and maternal health, with the ultimate goal of improved child health.

Innovation and entrepreneurship

We found that ***business-driven solutions*** work! As well as increasing access and supply through working with entrepreneurs and local government, Max Foundation aims to foster an aware customer base willing to invest in affordable and safe water and sanitation products and services. Primarily because of the health benefits - but also other motivators such as convenience and status. In 2023, households themselves invested more than **1.7 million euros** in WASH and nutrition related products and services.

In turn, this motivates entrepreneurs to keep their business going. In a recent survey amongst female micro-entrepreneurs in Bangladesh –selling hygiene, health, and nutrition products and services - **86%** of respondents' **businesses were still active** two years after Max Foundation's programme ended!



Our commitment to business-minded solutions was further evidenced by **the inauguration of Max TapWater**, our social water enterprise in Bangladesh, which significantly expanded access to safe and affordable tap water through with 40 piped water grids operational in 2023, serving 7,423 people with piped water at home.

We received **the prestigious Rotman Prize for Innovation** in 2023. This award by Grand Challenges Canada, one of the largest impact-first investors in Canada, honours the innovation which has had the largest **sustainable increase in lives saved or lives improved** over the past year. According to Grand Challenges Canada, Max Foundation's impact is possible because the 'Healthy Village' approach enlists local actors as owners of the process: communities drive demand and sustain the innovation in the long term. The Rotman Family Foundation highlighted the importance of business in building a better society. *"By working closely with local entrepreneurs, suppliers, NGOs, community members and governments, the Max Foundation's Healthy Villages approach has demonstrated that everyone has a role to play in saving and improving children's lives."*
<https://maxfoundation.org/news/press-release-gcc/>

Learning and adaptation

At the core of our strategy lies a commitment to collaborative learning from data-driven approaches. In 2023, the Healthy Village Urban program in Bangladesh, aiming to **adapt our successful Healthy Village approach** which led to a 50% decrease of stunting amongst children in rural areas of Bangladesh from rural to (peri-)urban settings, gained steam. Recognizing the unique challenges of urban environments, such as unequal access to resources and community structures, we emphasized the importance of learning from evidence-based approaches and adapting them to different contexts and scales.

Similarly, in 2023 we began exploring opportunities to expand the Healthy Village approach to a new country. In September, we visited Burundi to assess local needs and discuss how our approach could be implemented there, particularly given the country's high rates of stunting (up to 60% in some areas – which are the highest rates in the world). We believe that our community-driven approach, emphasizing learning and entrepreneurship for sustainable change, could have a significant impact in such contexts.

But within our existing programmes and teams, learning and adaptation also plays a key role. This was exemplified by our climate resilience learning event in Ethiopia, where 50 stakeholders from various sectors developed roadmaps to address climate-related challenges. You can read the results [here!](#) We believe that through cooperative learning, real systems change can be brought about. And we're making steps! In Ethiopia for instance, height measurement amongst children, to track stunting, has now officially been included in the government's digital health system – where they initially only measured weight.



Overall, adaptive management, shifting the power, and learning have been important themes. In 2023 we took deliberate actions aligned with shift-the-power principles, to ensure that actors in the countries where we implement are in the lead, and to streamline learning and coordination for more efficiency and greater impact. This was in response to a mid-term review, and we met in Uganda for a learning week in November to ensure the people implementing in the 6 countries could learn from each other and finetune these important changes.

We extend our heartfelt gratitude to everyone who contributed to Max Foundation's endeavours in 2023. From our dedicated donors who sustain our mission, to our colleagues around the world. Special thanks to our partner organizations for their exceptional work in our implementation areas, and to the volunteers and interns who generously dedicate their time to our cause. Lastly, we express our appreciation to all stakeholders, including government representatives, local entrepreneurs, communities, and households, for their collaboration in working towards ensuring a healthy start for every child. Your support and partnership are invaluable as we continue our mission to make a positive impact in the lives of children.

We hope you'll enjoy reading this impact report. We are eager to connect, collaborate, and advance our efforts together in 2024. Whether it's through meetings, updates, or joint initiatives, we look forward to working with you to further scale effective approaches and make a meaningful difference in the year ahead.

Joke Le Poole & Marjolijn Wilmink
Co-directors

Joris Kaak
Chair of the Board

1. Budget Overview

In 2023, Max Foundation experienced a deficit after final expenditures amounted to EUR 25,179. This was primarily because the teams in Bangladesh and Ethiopia accelerated their implementation efforts despite facing various challenges, leading to higher-than-budgeted spending.

Budget (in Euro's)			
	<u>2024 budget</u>	<u>2023 budget</u>	<u>2023 actuals</u>
Income			
Income from own fundraising	1.020.123	812.330	1.018.411
Income from institutional donors	5.359.600	4.802.670	4.936.827
Total income	6.379.723	5.615.000	5.955.237
Expenditures			
Direct spending on objectives	5.908.341	5.191.000	5.676.198
Costs own fundraising	89.831	103.000	69.619
Costs management and administration	292.951	307.000	255.770
Total expenditures	6.379.723	5.601.000	6.001.588
Result before financial expenditures	<u>-</u>	<u>14.000</u>	<u>(46.350)</u>
Financial result		(14.000)	21.172
Result after financial expenditures	<u>-</u>	<u>-</u>	<u>(25.179)</u>

2. Balance Sheet

Balance Sheet (after result)			
(in Euro's)			
		<u>31/12/2023</u>	<u>31-12-2022</u>
Financial Assets (1)			
Subsidiaries - Max Business	1	1	1
		1	1
Current assets			
Pre-payments to projects (2)	(188.118)		598.587
Prepaid expenses and other accounts receivable (3)	357.195		184.225
		<u>169.077</u>	<u>782.811</u>
Cash and cash equivalents (4)		<u>5.002.243</u>	<u>6.089.106</u>
Total assets		<u>5.171.321</u>	<u>6.871.918</u>
Liabilities			
Reserves and funds			
Continuity reserve (5)	1.908.815		1.692.657
Allocation reserves(6)	1.794.033		1.983.677
Bangladesh reserve (7)	<u>193.137</u>		<u>244.831</u>
		<u>3.895.986</u>	<u>3.921.164</u>
Current liabilities			
Allocated subsidies	-		-
Accrued liabilities (8)	902.659		2.685.825
Other liabilities (9)	372.678		<u>264.930</u>
		<u>1.275.337</u>	<u>2.950.755</u>
Total liabilities		<u>5.171.322</u>	<u>6.871.919</u>

3. Statement of Income & Expenditure

Statement of Income and Expenditure		
(in Euro's)		
Income	2023	2022
Donations, gifts and others (10)	1.018.411	497.395
Income from institutional donors (11)	4.936.827	3.705.046
Total income	5.955.237	4.202.441
Expenditures		
Spent on objectives		
Max Foundation projects (12)	5.563.417	3.944.483
Communication & awareness raising (13)	33.321	30.841
Organisational development and Learning (14)	79.460	
	5.676.198	3.975.324
% Of income spent on objectives	95,3%	94,6%
% Of expenditures spent on objectives	94,6%	92,2%
Fundraising (15)		
Costs of fundraising	69.619	78.758
% Of income spent on fundraising	1,2%	1,9%
% Of expenditures spent on fundraising	1,2%	1,8%
Management and administration (16)		
Costs management and administration	255.770	233.911
% Of expenditures spent on management and administration	4,3%	5,5%
Total expenditures	6.001.588	4.287.993
Result before financial expenditures	(46.350)	(85.551)
Financial result	21.172	(23.514)
Result after financial expenditures	(25.179)	(109.065)

4. Accounting Principles

Notes on the balance sheet and statement of income and expenditures

Accounting Principles

General

These financial statements include the results of Stichting Max Foundation the Netherlands consolidated with the results of Max Foundation Bangladesh and Ethiopia. It is prepared in accordance with the requirements of the Dutch Guideline Fundraising Institutions RJ 650 (Richtlijn Fondsenwervende Instellingen) and covers the period from 01 January 2023 to 31 December 2023.

Reporting Period

The financial statements are prepared and presented with the assumption that continuity is ensured for at least one financial year. The financial year covers the period 01 January till 31 December.

Method of Valuation

Assets and liabilities, except when stated otherwise, are presented at nominal value based on historical cost price. Income and expenditures are allocated to and realised/implemented in the period they relate to.

Balance Sheet

Currency

The balance sheet is presented in Euros. Assets and liabilities of the Max Foundation offices in Bangladesh and Ethiopia are converted based upon the exchange rate of the 31st of December 2023.

Fixed Assets

Intangible fixed assets are presented at fair value based on historical cost price.

Current Assets

Current assets are presented at fair value and, if necessary, are deducted with a provision for possible irrecoverable amounts.

Financial Instruments

Financial instruments include other current assets such as cash and cash equivalents and current liabilities. Financial instruments are presented at nominal value.

Cash and Cash Equivalents

Cash and cash equivalents are presented at nominal value and are freely available to the organisation.

Continuity reserve

The continuity reserve guarantees the coverage of risks and ensures that Max Foundation continues to meet its obligations during unexpected adverse circumstances. In line with the guidelines 'Richtlijn Financieel Beheer Goede Doelen' the continuity reserve is set at one year of the organisational costs of Max Foundation the Netherlands, Bangladesh, and Ethiopia. The calculation is finalized and approved during the year end audit.

Allocation Reserve

The remaining amount of the yearly financial result will be added to, or deducted, from the allocation reserve. The allocation reserve is used as a multiplier to start new programmes and as a safeguard to cover existing funding gaps on current projects. During the programme implementation the uncommitted donations allocated to the programme are supplemented with committed donations.

In case Max Foundation needs funding from the allocation reserve for programmes or operational costs, an official approval by the board is required. When a long-term programme needs own funds which might result in the usage of reserve money, the board should approve it beforehand during the process of making the budget.

5. Principles for the determination of the result

Income

Unconditional donations and gifts are included in the statement of income and expenditure in the year in which they are received.

Conditional donations are included in the year of the statement of income and expenditure when the related project expenditures are realised.

The realised and unrealised exchange rate and the bank interest results are included in the statement of income and expenditure.

Expenditures

Expenditures of conditional project agreements are included in the year they are realised. Expenditures of unconditional project agreements are included in the year they are committed.

Expenditures of the Max Foundation offices in Bangladesh and Ethiopia are converted to Euros at the weighted average rate of transfers made.

The own fundraising, management and administration costs are included as spent in a year, as well as the costs for products, services, and other contributions from third parties that have been provided for by Stichting Max Foundation.

Costs are allocated to the following activities:

- I. Costs Programme related
- II. Costs Communication & Awareness Raising
- III. Costs organisational strengthening and learning
- III. Costs own fundraising
- IV. Costs of management and administration

The costs are allocated based on the following:

- Direct attributable costs are allocated directly to the programme. Personnel costs are allocated to projects based upon a time writing system
- Costs of the Ethiopian and Bangladesh offices are charged to the programs. Not directly attributable costs of Max Foundation the Netherlands are recovered through indirect cost recovery.

6. Notes to the Balance Sheet

	<u>2023</u>	<u>2022</u>
1. Financial Assets		
Subsidiary	1	1
2. Pre-payments to projects		
Outstanding pre-payments partner NGO's*	(188.118)	598.587
3. Prepaid expenses and other accounts receivable		
Donations receivable	97.480	-
Pre-payments rent, insurances and ICT	11.995	4.611
Prepaid membership & pension	-	9.982
Project payment	240.304	169.631
Other	7.416	-
Total	357.195	184.225
4. Cash and Cash equivalents	5.002.243	6.089.106
Total Assets	5.171.321	6.871.918
5. Continuity reserve		
Balance per 1/1	1.692.657	1.518.727
Addition from result	216.159	173.929
Balance per 31/12	1.908.816	1.692.657
The continuity reserve covers one year of staff and operational costs of the combined Max Foundation offices.		
6. Allocation reserve		
Balance per 1/1	1.983.677	2.266.671
Addition/withdrawal from result	(189.643)	(282.994)
Balance per 31/12	1.794.034	1.983.677
The general allocation reserve includes donations which are not yet tied to a specific project. The reserve is used to cover special expenditures of current programmes and acceleration of future programs.		
7. Bangladesh reserve		
Balance per 1/1	244.831	-
Addition/withdraw from result	(51.694)	244.831
Balance per 31/12	193.137	244.831
The exchange rate gains made in Bangladesh between 2016 and 2021 have been set aside in a separate reserve to support the activities in Bangladesh		
8. Accrued Liabilities donations		
Subsidies from institutional donors EKN Healthy Village Ethiopia	215.970	1.150.017
Subsidies from institutional donors Minister of Foreign Affairs, via THP	345.565	654.548
Subsidies from institutional donors EKN Bangladesh	125.687	363.105
Subsidies from institutional donors GCC Canada	16.660	-
Other donations accrued	198.777	518.155
Total	902.659	2.685.825
9. Other liabilities		
Project costs countries	162.997	108.958
Other project costs	14.236	5.019
Donations received in advance	14.643	18.000
Holiday allowance and outstanding holidays	56.332	28.472
Taxes and social securities	-	36.449
Audit costs	61.737	62.787
Creditors / Other general costs	62.732	5.245
Total	372.677	264.930
Total reserves and funds	5.171.322	6.871.918

7. Notes to the Statement of Income and Expenditure

	<u>2023</u>	<u>2022</u>
10. Income from foundations and donations		
Foundations	985.913	449.526
Companies	21.755	31.593
Private donors	9.899	15.821
Website	843	455
Subtotal	<u>1.018.411</u>	<u>497.395</u>
11. Income from institutional donors		
<u>Healthy Village Ethiopia</u>		
The Embassy of the Kingdom of the Netherlands - Ethiopia. Max Foundation is in the lead of the programme so the income includes consortium partners' income recognition.	2.734.050	2.153.875
<u>Right2Grow</u>		
Ministry of Foreign Affairs The Netherlands, via The Hunger Project	1.339.325	1.060.490
<u>Building Water Business</u>		
The Embassy of the Kingdom of the Netherlands -Bangladesh	811.397	490.681
<u>Healthy Village Urban Bangladesh</u>		
Grand Challenges Canada	52.055	-
	<u>4.936.827</u>	<u>3.705.046</u>
Total Income	5.955.237	4.202.441

12. Spent on projects	2023	2022
Bangladesh	2.169.983	1.292.825
Ethiopia	3.393.434	2.651.658
All projects expenditures	5.563.417	3.944.483
Costs of Healthy Village Ethiopia includes the expenditures from the other		
13. Communication & Awareness raising	2023	2022
	33.321	30.841
14. Organisational Development & Learning	2023	2022
	79.460	
15. Fundraising	2023	2022
Costs of fundraising	69.619	78.758
Income	5.955.237	4.202.441
Percentage of fundraising costs in relation to income	1,2%	1,9%
16. Management and Administration	2023	2022
Management and administration costs	255.770	233.911
Percentage of management and administration costs in relation to total expenditure.	4,3%	5,4%
Total expenditure	6.001.588	4.311.506
Percentage of expenditure		
The ratio between total expenditure on objective(s) and total income is specified below:		
	2023	2022
Total income	5.955.237	4.202.441
Total spent on projects	5.563.417	3.944.483
Communication and Awareness	33.321	30.841
Organisational Development and Learning	79.460	-
Total spent on objectives	5.676.198	3.975.324
% Of income spent on objectives	95,3%	94,6%
Total spent on objectives	5.676.198	3.975.324
Costs of own fundraising	69.619	78.758
Management and administration costs	255.770	233.911
Financial expenditures	-	23.514
Total Expenditures	6.001.588	4.311.506
% Of expenditures spent on objectives	94,6%	92,2%

8. Other information

Stichting Max Foundation has been registered in the Netherlands in 2004. In 2014 the first country office was registered by the Government of Bangladesh, the Ethiopian country office got registered in 2020. The offices in Bangladesh and Ethiopia, operate under supervision of the Netherlands office and are governed by the same Board.

In 2023 11 people (9,9 FTE) were employed in the Netherlands (in 2022 this was 8,6 FTE). 24 people were employed by the Bangladesh country office, Max Foundation Ethiopia employed 16 people including one Dutch staff member hired via the Young Expert Program.

a. Remuneration policy and WNT notification

Max Foundation strives for high efficiency and return on investments. Therefore, we aim to limit overhead costs. For instance, our housing cost at the World Trade Centre in Amsterdam is generously sponsored by CBRE Global Investors.

Positions and salaries of employees of Max Foundation the Netherlands are approved by the board. The salary scales consist of a minimum and maximum gross annual salary for a 40-hour working week and are based upon the bottom salary range recommended by Goede Doelen Nederland. Salary levels of the staff are weighted and compared every two years based on market conformity. The board decides whether the salary scales will be indexed as of January 1st of each year following the guidelines of Goede Doelen Nederland.

Max Foundation operates with two Co-directors. The remuneration paid to the directors is well below the guidelines of the VFI (Vereniging Fondsenwervende Instellingen) and complies with the organisation's guide for the remuneration of directors and Board members of charities.

No remuneration is offered to board members and no loans, advances or guarantees are given, except for an allowance for actual travel costs.

Details 2023			
Amounts x € 1	[Le Poole-Groenendaal, M.S.J.]	[Wilmink, M.J.]	
Position details	[Director]	[Co Director]	
Commencement and end job performance in 2022	[01-01 t/m 31-12]	[01-01 t/m 31-12]	
Scope of employment (as part-time factor in fte)	[0,90]	[1,0]	
Employment?	[Yes]	[Yes]	
Remuneration			
Remuneration plus taxable expense allowances	[100.647]	[114.582]	
Rewards payable in due course	[0]	[0]	
<i>Subtotal</i>	[100.647]	[114.582]	
<i>Individually applicable remuneration cap</i>	[200.700]	[223.000]	
-/- Unduly paid and not yet received amount	[AMOUNT]	[AMOUNT]	
Remuneration	[100.647]	[114.582]	
The overdrawn amount and the reason why this amount is or is not allowed	N/A	N/A	
Explanation of the claim for undue payment	N/A	N/A	
Details 2022			
Amounts x € 1	[Le Poole-Groenendaal, M.S.J.]	[Wilmink, M.J.]]	[Klaassen, I.A.G.]]
Position details	[Director]	[Co Director]	[Co Director]
Commencement and end job performance in 2022	[01-01 t/m 31-12]	[29-08 t/m 31-12]	[01-01 t/m 31-05]
Scope of employment (as part-time factor in fte)	[0,9]	[1,0]	[0,95]
Employment?	[Yes]	[Yes]	[Yes]
Remuneration			
Remuneration plus taxable expense allowances	[95.899]	[33.973]	[57.567]
Rewards payable in due course			
<i>Subtotal</i>	[95.899]	[33.938]	[57.567]
<i>Individually applicable remuneration cap</i>	[194.400]	[73.973]	[84.891]
Remuneration	[95.899]	[33.938]	[57.567]

b. Volunteer policy

Max Foundation works with interns, as well as professionals volunteering their time. Through donations (in kind) and dedication of time, capacity, and knowledge, volunteers significantly support Max Foundation in meeting its goals and objectives. They contribute to our effectiveness, efficiency, and reputation. Max Foundation is an active volunteer recruiter, and always provides each volunteer with work that is suitable and challenging. During 2023 one volunteer and one intern were active for Stichting Max Foundation.

c. Governance

In 2023 Stichting Max Foundation was governed through a Board/Management model. The Board, consisting of volunteers, controlled the organisation through two Co-Directors. As the 28th of February 2024 this has been changed into a two-tier structure with a Supervisory Board and a Board of Directors consisting of the two Co-Directors Joke le Poole and Marjolijn Wilmink.

Members of the Supervisory Board consist out of at least three members, who are appointed by the other board members. Members are appointed for a period of three years with an option of extension for another three-year period. The board decides on the chair to be appointed. The constitution of the board is specified in the organisations' articles of associations.

During 2023 the board met eight times with management being present and consisted of the following members

Name Board member	Position	Period
J.M. Kaak	Chairman	As from: 01/12/2022
M.I. van Thienen	Treasurer	As from: 01/06/2018
A.M.M. Quaegebeur- de Bruijn	Board member - MSE	As from: 27/03/2022
F.L. Rotteveel	Board member - Marketing	As from: 01/05/2022
C.C. Acioly	Board member – Programme & partnerships	As from: 07/02/2023

d. Risk Management

Strategic and financial risks

Max Foundation implements multi-annual programmes. Even though part of the income is normally secured through institutional funding there is still a certain level of fluctuation between years. Funding periods usually last between 3 and 5 years without any guarantee for continuation. Max Foundation deals with the risk of fluctuating income and the implications of this on the continuity of projects through:

- Diversifying our income mix from multiple sources, including individual donors, companies, institutional donors, government entities, foundations,
- Optimising the availability and balance of unconditional subsidies versus allocated subsidies,
- Maintaining a continuity reserve of one year of the organisation costs, including the salaries of the Bangladesh and Ethiopia offices.
- Recruitment of long-term, committed donors with multi-year contracts, to safeguard the mission and strategy over the long term.
- Monitoring and evaluating Max Foundation's long-term strategy, annual plan and budget.
- Strict cash management with renowned banks with no exposure to stocks and/or derivatives.

Board Signature

Date:

Name: